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Canada Launches Challenge of New U.S. Softwood Duty Rate

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Following consultations with the Canadian softwood lumber industry, the Government of Canada today filed a request for a NAFTA panel review of the U.S. Department of Commerce's (DOC's) second countervailing duty (CVD) administrative review determination.

The DOC conducts annual administrative reviews of CVD and anti-dumping (AD) duty orders to determine the alleged subsidy and dumping levels for the period under review and establish cash deposit rates that Canadian exporters pay from that point forward. The period of review for the second CVD administrative review was April 1, 2003, to March 31, 2004.

The final results of the DOC's second administrative reviews, published on December 12, 2005, determined a new countervailing duty rate of 8.7 percent (down from 16.37 percent) and an AD rate of 2.11 percent (down from 3.78 percent), resulting in a combined rate of 10.81 percent. As the anti-dumping case involves company-specific issues, litigation of the results will be industry-led.

In its challenge, Canada maintains that the countervailing duty rate should be eliminated.

Notwithstanding this challenge, the Government of Canada maintains the position that the United States is already legally obligated to revoke the countervailing and anti-dumping duty orders, refund all duties collected with interest, and terminate all ongoing administrative reviews.

This is a result of the NAFTA Extraordinary Challenge Committee decision in August 2005, which upheld a NAFTA panel ruling that Canadian softwood lumber poses no threat of injury to the U.S. lumber industry and which the United States continues to ignore. Canada is currently challenging the U.S. failure to comply with this ruling in the U.S. Court of International Trade.

Canada continues to consult closely with the provinces and industry on this and other softwood lumber litigation matters.

More information on softwood lumber issues is available at: http://www.softwoodlumber.gc.ca.

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For further information, media representatives may contact:

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